

## Data Sheet

<b>USAID Mission:</b>	Albania
<b>Program Title:</b>	Economic Restructuring and Agriculture Development
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	182-0130
<b>Status:</b>	Continuing
<b>Planned FY 2005 Obligation:</b>	\$6,438,000 AEEB
<b>Prior Year Unobligated:</b>	\$178,000 AEEB
<b>Proposed FY 2006 Obligation:</b>	\$6,438,000 AEEB
<b>Year of Initial Obligation:</b>	1992
<b>Estimated Year of Final Obligation:</b>	2007

**Summary:** The USAID program supports sustained economic growth and poverty reduction through private enterprise development and competitiveness promotion. This program provides training and technical assistance to enhance the growth of micro-, small-, and medium-sized enterprises through developing and strengthening the capacity of enterprises to compete in the open market; increasing access of enterprises to financial resources; and improving the business environment for private enterprise development and trade competitiveness.

### Inputs, Outputs, Activities:

**FY 2005 Program:** Increase Private Sector Growth (\$2,800,000 AEEB, \$19,000 AEEB carryover, \$159,000 prior year recoveries). Technical assistance and training will be provided to 8,800 micro-, small- and medium-sized enterprises to improve technical, managerial, and marketing capacities that will lead to the improvement of productivity and the quality of products and services. Through a combination of firm-level assistance and cluster-based competitiveness initiatives, USAID will assist enterprises in selected clusters to improve their capacity to capture a significant share of the domestic market and penetrate foreign markets. Special efforts will focus on the following sectors: dairy and meat processing, herbs and spices, leather goods and shoes, and specialty tourism. Principal contractors, grantees, and agencies include: Development Alternatives Incorporation (DAI) (prime), Land O' Lakes (LO'L), On-the-Frontier (OTF) Group, FFF Associates, Training Resources Group (TRG), and Institute for Development Research and Alternatives (IDRA) (sub); Fultz Foundation and Foundation for Economic Education of Youth (FEEY) (prime).

Strengthen Financial Sector's Contribution to Economic Growth (\$2,900,000 AEEB). USAID will continue to support the micro-lending program for micro- and small enterprises and its expansion to the northeast and the southwest of Albania where thousands of producers and entrepreneurs need credit for business start-up or expansion. The expansion to the northeast region is implemented through the Global Development Alliance mechanism. In addition, small and medium-sized enterprises (SMEs) will continue to benefit from USAID's small business credit assistance activity, which uses a loan guarantee program to leverage a large amount of loans from commercial banks. The value of credit extended to USAID-assisted enterprises will reach \$14 million. USAID also plans to introduce a multi-bank loan guarantee program under Development Credit Authority (DCA) to provide access to finance for SMEs and microfinance institutions. Principal contractors, grantees and agencies include: Chemonics International (prime), Regional Development Agencies (RDA) (sub), and Opportunity International (OI) (prime).

Improve Economic Policy and Governance (\$738,000 AEEB). USAID will support the strengthening of the government's capacity to formulate and implement appropriate trade policies and the private sector's participation in policy dialogues with the government. Resources also will be used for anti-corruption efforts. Actions will be undertaken to heighten the awareness of the private sector as well as the government about the negative effects of corruption on business competitiveness and economic growth. The Bank of Albania will continue to benefit from USAID

technical assistance and training to improve its oversight of a sound, well-regulated and efficient banking system that increases the financial sector's responsiveness to the credit needs of the private sector and stimulate growth in private enterprises. As public confidence in the banking system increases, the value of deposits in the banking systems is expected to reach about \$3.3 billion in FY 2005. Principal contractors and grantees include: Institute for Contemporary Studies (ICS) (prime) and Financial Services Volunteer Corps (FSVC) (prime).

**FY 2006 Program:** Increase Private Sector Growth (\$3,438,000 AEEB). USAID's interventions will expand to new geographic areas and engage new sectors in the economy. More emphasis will be placed on working with targeted industry clusters to increase their competitiveness in domestic and foreign markets. Over 8,500 micro-, small-, and medium-sized enterprises will benefit from USAID's technical assistance and training to improve their productivity and the quality of products and services. Special efforts will be made to assist the socially and economically disadvantaged groups such as women and Roma in the northeast region of Albania. Principal contractors and grantees include: DAI (prime), LO'L, OTF Group, FFF Associates, TRG, and IDRA (sub); Fultz Foundation and FEEY (prime).

Strengthen Financial Sector's Contribution to Economic Growth (\$2,500,000 AEEB). USAID will continue to support credit assistance programs that make credits available and accessible to private enterprises. Plans are for the micro-lending program to assist thousands of micro-enterprises, and for more small- and medium-sized enterprises to obtain commercial bank loans through USAID's loan guarantee program. As a result of USAID assistance, the total value of credit extended to private enterprises is expected to exceed \$14 million. Principal contractors and grantees include: Chemonics International (prime), RDA (sub), and OI (prime).

Improve Economic Policy and Governance (\$500,000 AEEB). USAID will continue to assist the government to undertake policy reforms designed to enhance the competitiveness of Albanian enterprises and encourage domestic and foreign investments. Efforts will focus on anti-corruption and reduction of regulatory and fiscal barriers to business development. The Bank of Albania will benefit from USAID technical assistance and training to strengthen its capacity to oversee the banking system and to maintain efficient and transparent operations. Principal contractors and grantees include: DAI (prime), MSI (sub), and FSVC (prime).

**Performance and Results:** USAID made a significant contribution to Albania's economic growth by achieving two important results: improved technical, managerial and marketing capacity of private enterprises in target sectors and increased access of micro-, small-, and medium-sized enterprises to credit needed for business improvement and expansion. A total of 8,058 private enterprises benefited directly from USAID assistance in FY 2004. USAID-funded activities are estimated to have indirectly benefited over 10,000 other enterprises. Many of the directly assisted enterprises have reported up to a 25% increase in sales. Bank loans to USAID-assisted enterprises increased over three-times in value from \$3.5 million in 2003 to \$12.1 million in 2004. The number of loans made by non-bank sources to assisted enterprises increased by 60% from 2,793 in 2003 to 4,485 in 2004 with a total value of \$13 million. The USAID micro-lending program has achieved full operational self-sufficiency and received an external rating of A+ for a micro-finance institution, based on the Consultative Group for Assistance to the Poorest-approved rating system. The small business credit assistance program assisted over 3,500 clients in 33 of Albania's 36 districts. The repayment rates, at 98% for micro-loans and 100% for SME loans, were extraordinary. Women received 62% of assisted agricultural enterprise loans; 55% of non-agricultural enterprises loans; and 59% of micro-loans.

Based on its success to date, USAID's assistance program should continue to accelerate the growth of private enterprises in Albania, leading to sustained economic growth, increased employment and household income, and reduced poverty.

## US Financing in Thousands of Dollars

Albania

182-0130 Economic Restructuring and Agriculture Development	AEEB	DA	ESF
<b>Through September 30, 2003</b>			
Obligations	143,087	15,628	2,300
Expenditures	120,219	15,289	2,300
Unliquidated	22,868	339	0
<b>Fiscal Year 2004</b>			
Obligations	6,559	0	0
Expenditures	11,871	339	0
<b>Through September 30, 2004</b>			
Obligations	149,646	15,628	2,300
Expenditures	132,090	15,628	2,300
Unliquidated	17,556	0	0
<b>Prior Year Unobligated Funds</b>			
Obligations	178	0	0
<b>Planned Fiscal Year 2005 NOA</b>			
Obligations	6,438	0	0
<b>Total Planned Fiscal Year 2005</b>			
Obligations	6,616	0	0
<b>Proposed Fiscal Year 2006 NOA</b>			
Obligations	6,438	0	0
Future Obligations	6,438	0	0
Est. Total Cost	169,138	15,628	2,300

